



Retirement News Highlights

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North Carolina anti-ESG bill becomes law after legislators override veto

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A North Carolina anti-ESG bill has become law after Republican lawmakers voted to override Democratic Gov. Roy Cooper's veto of the bill. The legislation will bar state entities from considering ESG criteria when making investment and employment decisions.

The state Senate overrode the veto in a 29-16 vote on Tuesday afternoon, following a 72-46 vote in the House. Mr. Cooper originally vetoed the bill on June 23, arguing that it "unnecessarily limits the treasurer's ability to make decisions based on the best interest of state retirees and the fiscal health of the retirement fund," in a statement.

The legislation requires the North Carolina treasurer to only evaluate investments based on "pecuniary factors," or factors with a material impact on an investment's financial risk and return. It also blocks state entities from considering ESG factors when hiring, firing or evaluating employees and awarding state contracts.

The treasurer serves as the sole trustee of the \$113.3 billion North Carolina Retirement Systems, Raleigh.

In a statement Monday, Treasurer Dale R. Folwell expressed his support for the veto override.

"This is a good day in North Carolina," said Mr. Folwell, who is also running as a Republican candidate in the 2024 gubernatorial race. "We are grateful to those lawmakers who understand the need to shield the state pension plan against the movement to weaponize public retirement systems to achieve extreme agendas."

"We never have had ESG policies at the Department of State Treasurer," Mr. Folwell continued. "We don't need a law to tell us what is right and wrong. But now we do have a law that very clearly defines the guardrails."

North Carolina is one of several states across the U.S. to implement anti-ESG laws. In Florida, Gov. Ron DeSantis, a 2024 GOP presidential candidate, signed a similar bill into law in May that requires the Florida State Board of Administration, Tallahassee, to make investment decisions based "solely on pecuniary factors." The FSBA oversees a total of \$232.5 billion in state assets, including the \$181.7 billion Florida Retirement System.

On the federal level, House Republicans have formed an ESG working group as a way to combat ESG-related proposals and other initiatives.

[Back to top](#)